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ORIGINAL

August 12, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N. W. - Room 222
Washington, DC 20554

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AUG 12 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: CC Docket No. 92-297

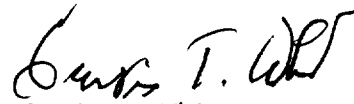
Dear Mr. Caton:

DOCKET FILE COPY ORIGINAL

Enclosed please find an original and four copies of Initial Joint Comments of Allied Associated Partners, LP and GELD Information Services for filing in the above-referenced proceeding.

Kindly contact the undersigned should you have questions.

Sincerely yours,


Curtis T. White

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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AUG 12 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Rulemaking to Amend Parts 1,2,21 and 25)
of the Commission's Rules to Redesignate)
the 27.5-29.5 GHz Frequency Band, to)
Reallocate the 29.5-3.0 GHz Frequency Band,)
to Establish Rules and Policies for Local)
Multipoint Distribution Service and for)
Fixed Satellite Services)
_____)

CC Docket No. 92-297

INITIAL JOINT COMMENTS
OF
ALLIED ASSOCIATED PARTNERS, LP
AND
GELD INFORMATION SYSTEMS

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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INITIAL JOINT COMMENTS

Allied Associated Partners, LP (Allied) and GELD Information Systems (GELD) hereby file joint comments in the above-captioned proceeding. Through this filing, the parties offer comment on certain policy considerations they urge the Commission to consider as it finalizes rules for licensing Local Multipoint Distribution Service (LMDS).

Allied is comprised of principals and entities with operating experiences in various mobile and fixed telecommunications services. GELD is actively involved in the deployment of advanced telecommunications technology and services, with special emphasis on deployment of broadband systems as a means of promoting economic and human resource development in urban and rural areas, all employing an array of innovative services, including interactive video, teleconferencing, telemedicine, and high speed data.

As the Commission appropriately recognizes, the enactment of the Telecommunications Act of 1996¹ -- an event which fundamentally changes telecommunications regulation -- also has special significance for this unparalleled amount of spectrum licensing. In particular, the 1996 Act contains a number of provisions designed to promote competition throughout the telecommunications industry, and to facilitate the entry of new players into a more competitive telecom environment.²

The joint filers have participated in other Commission proceedings designed to implement the Congressionally mandated goals of the Act³ and, in doing so, set out their broad categories of concern, viz:

- (i) the principles of the 1996 Act must not be construed in a manner which thwarts the fundamental Congressional directive of ensuring that benefits of technology advancement be denied any segment of the consuming public, or that implementation of services be delayed as a result of the erection of any artificial barriers; and
- (ii) no entity should be faced with barriers which deter entry or otherwise inhibit its ability to offer telecommunications services in the pro-competitive, deregulatory era;⁴

¹ Telecommunications Act of 1996, Pub. L. No. 104, 110 Stat. 56, *to be codified at* 47 U.S.C. 151 §§ et. seq. (hereinafter The 1996 Act).

² See *generally*, Sections 302, 402(b)(2), and 706 of the Act.

³ See Initial Joint Comments of Allied Associated Partners, LP and GELD Information Systems, CC Docket 96-45 (April 8, 1996), and CC Docket 96-98 (May 16, 1996).

⁴ The parties do not subscribe to the prevailing tenet that "big is better and biggest is best". Indeed, the history of modern telecommunications shows, quite distinctly, that smaller entities have a solid record of facilitating or otherwise enhancing market and product development for new service offerings.

Accordingly, given these concerns and as a small provider of telecommunications services, particularly those focusing on economic and human resource development, the joint parties offer the following comments in this proceeding:

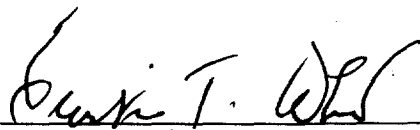
1. The 1996 Act directs the Commission to establish regulations to implement the requirements of all provisions of the Act, and to do so in a manner consistent with the public interest, convenience, and necessity. Since LMDS is uniquely positioned to provide competitive telecommunications services, including competitive video program delivery services, the FCC must establish rules for governing eligibility of ownership.
2. The objective in this enormously important licensing must necessarily extend beyond the narrow focus of "de-concentrating the market power of incumbent LECs and cable operators"⁵ since such an approach falls far short of the broader objective of (i) ensuring greater diversity in ownership (thereby promoting greater competition), and (ii) ensuring that the full benefits of licensing LMDS will be available to all segments of the consuming public. Put differently, while restricting an incumbent (however defined as a result of this Notice) may offer some hope of addressing market power, it does not address the larger issue of industry consolidation which, based on present trends, results in less price competition and direct consumer benefit. Such an outcome, of course, is not consistent with the public interest.
3. Given the foregoing, the joint parties recommend that the Commission fashion rules which:
 - (a) limit eligibility of incumbents to ownership or control of one LMDS license outside its operating or franchise area(s);
 - (b) limit eligibility of other industry-dominant entities to ownership or control of one LMDS license; and
 - (c) adopt any necessary clarifying language vis-a-vis resale of capacity in a manner consistent with the 1996 Act.

⁵ See *First Report and Order and Fourth Notice of Proposed Rulemaking* at ¶ 126. While this phrase is used in a question raised by the Commission, it appears well-settled that this new service offering is a potentially important source of competition for both LECs (and now CAPs), as well as cable operators.

For the reasons stated, the parties request that the Commission adopt the foregoing joint recommendations.

Respectfully submitted,

Allied Associated Partners, LP
GELD Information Systems

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